

ROBIN PHILPOT'S ARGUMENT AND THE LEGACY OF PAUL DESMARAIS

CHRISTOPHER RICHARD WADE DETTLING

Quebec journalist and author Robin Philpot wrote a scathing attack upon Paul Desmarais and his legacy in *Le Devoir*.¹ Desmarais had recently died, and great praise was being heaped upon the deceased, for all the amazing things he had supposedly done for Quebec. Few people, however, realized what Quebec and the National

¹ Robin Philpot, "Paul Desmarais: un bilan s'impose," *Le Devoir*, 12 octobre 2013. See: Robin Philpot, *Derrière L'État Desmarais: Power*, Montréal, 2008. ©Christopher Richard Wade Dettling, "Robin Philpot's Argument and the Legacy of Paul Desmarais," *archive.org*, 2016. This writing is expressly for the internet archive and its users.

Assembly had done for Paul Desmarais: *The ruling-class of Quebec had greatly enriched the Desmarais family.*²

The destiny of Paul Desmarais and his wealthy family would have been very different without Quebec, which according to a famous contemporary, aspires to be a country and not merely a province: “*French-Canadians who feel threatened always turn to Quebec,*” said Desmarais, “*It’s our mentality.*”³ Canadian establishmentarian journalists like Peter Charles Newman and Diane Francis have characterized the meteoric rise of Paul Desmarais in the 1960’s to the fact that he was “politically correct and a French-Canadian,”

² See: “Les éloges à l’endroit de Paul Desmarais convergent sur ce que l’homme d’affaires aurait donné au Québec. Mais peu s’attardent sur ce que le Québec et son État ont donné à M. Desmarais. Il y a une réponse courte à cette question: Tout!” Philpot, *Ibidem*, 2013.

³ “Sans le Québec, un Québec qui aspirait, selon les mots d’un contemporain célèbre, à devenir ‘non pas une province pas comme les autres, mais un pays comme les autres,’ l’avenir canadien de Paul Desmarais aurait été bouché. ‘Les Canadiens français qui se sentent menacés se sont toujours tournés vers le Québec, disait-il. Cela fait partie de leur conscience et cela fait partie de la mienne.’” *Ibidem*.

namely an arch-federalist capable of protecting the national interests of Canada and the Canadian ruling-class from the evils of the Quebec independence movement: This analysis, according to Robin Philpot, is fallacious, and is completely at odds with the real political and economic legacy of Paul Desmarais.⁴

⁴ “Des journalistes d’affaires de l’establishment canadien, dont Peter Charles Newman et Diane Francis, ont d’ailleurs attribué son ascension rapide dans les années 1960 au fait qu’il était ‘French Canadian and politically correct,’ bref, un archi-fédéraliste canadien-français capable de protéger leurs intérêts et de faire obstacle à l’indépendance du Québec. Ce constat, qui n’enlève rien à Paul Desmarais, est pourtant accablant pour le Canada, qui se targue d’être le paradis de la diversité.” *Ibidem*.

FINANCIAL EMPIRE OF PAUL DESMARAIS

Paul Desmarais was never an entrepreneur: “Starting at the bottom takes far too long ... I have never done anything from scratch.” Desmarais was the builder of a financial empire based entirely upon the constant influx of easy money, which was quickly turned into a vast fortune. The enormous wealth Desmarais thus accumulated could only be obtained through his patronage of government and his influence in Quebec politics: That is the history of Desmarais’ take over of *Gelco (Gatineau Electric)*, later *Gesca*, and also *Power Corporation*, which received huge subsidies over the years from the Quebec Government.⁵ After his take over of *Power Corporation* and the Montreal newspaper *La*

⁵ “Bâtitteur? Peut-être, mais d’un empire financier construit par la recherche constante de liquidités permettant d’accroître sa fortune personnelle. Les liquidités de l’ampleur de son ambition ne pouvaient se trouver que dans le giron de l’État, principalement celui du Québec. C’est l’histoire de la prise de contrôle par Paul Desmarais de *Gelco (Gatineau Electric)*, devenu *Gesca*, et de *Power*, qui disposaient d’importantes liquidités versées par l’État. Après la prise de contrôle de *Power* et de *La Presse* est apparue la notion de l’État Desmarais. C’est le jeune député libéral Yves Michaud qui a sonné l’alarme à l’Assemblée nationale en 1968. Trop peu l’ont entendue.” *Ibidem*.

Presse, the notion of the *Kingdom of Desmarais* first appeared, when the young Liberal deputy Yves Michaud sounded the alarm at the Quebec National Assembly:

If this problem is not corrected by a very serious inquiry on the part of elected officials, in accordance with the laws of our Assembly, the Desmarais oligarchy will threaten the power of our Parliament: Does the dangerous nature of this situation require even further proof? Will not this oligarchy eventually usurp the sovereign will of our representatives, and even our Prime Minister? ... At this very moment, the *Gelco-Trans-Canada Group* [controlled by Paul Desmarais] is seeking to further acquire *Le Soleil Newspaper*, the readership of which is more than 175, 000 people, as well as the daily newspaper *Le Droit* d'Ottawa, which has a readership of some 45, 000 people.⁶

Despite the patriotic eloquence of Yves Michaud, nobody in Quebec really seemed to care ...

⁶ Robin Philpot, *Derrière L'État Desmarais: Power*, 2ième édition, Montréal, 2014, 13-14.

KINGDOM OF DESMARAIS & POWER CORPORATION

Desmarais always cultivated very close political and economic connexions with provincial and federal elites, so that every Premier of Quebec and Prime Minister of Canada, at least since the time of Maurice Duplessis, used to “eat from his hand.”⁷ Yet, in the eyes of Robin Philpot, the anti-federalist Premiers of Quebec, René Lévesque and Jacques Parizeau, were never the creatures of Paul Desmarais.

Much has been written on the political and economic relations between Paul Desmarais and Jean-Louis Lévesque: “Jean-Louis Lévesque, the Montreal financier from far-away Gaspé, ‘knew first-hand the difficulties that awaited a French-Canadian in business, and therefore he took the young Paul Desmarais under his wing, and led him into the realm of French-Canadian high

⁷ “Très tôt, Paul Desmarais a appris à cultiver des liens étroits avec les politiciens, de sorte que tous les premiers ministres du Québec et du Canada depuis Maurice Duplessis, à l’exception de René Lévesque et de Jacques Parizeau, lui mangeaient dans la main.” Philpot, *Ibidem*, 2013.

finance.’”⁸ As for Jacques Parizeau, he was the Premier of Quebec only for a relatively short period of time before being replaced by Lucien Bouchard, leader of the *Second Quebec Referendum*: Premier Bouchard did have *political and economic affiliations* with Brian Mulroney and Paul Desmarais: “Brian Mulroney and Lucien Bouchard used to talk about the meetings they had together at the *Élysée* with President François Mitterrand and Paul Desmarais.”⁹

According to Robin Philpot, not only did Paul Desmarais make investors flee from Quebec in the

⁸ Jules Belanger, *J.-Louis Lévesque: La montée d'un Gaspésien aux sommets des affaires*, Saint-Laurent, 1996, 138. See also: “The Lévesque which most Canadians have heard about is the great orator, René, the Minister of Natural Resources of the Province of Quebec. Jean-Louis Lévesque is his wealthy distant cousin, who owns the largest financial empire in Quebec.” *Ibidem*, 166-167.

⁹ Yves Boisvert, “Paul Desmarais, l'empereur,” *La Presse.ca*, 10 octobre 2013. See also: “The house of Brian Mulroney in Westmount has recently been sold. The residence was bought by Paul Desmarais Junior’s son, Paul Desmarais III and his wife for \$4.8 million ... Paul Desmarais III has been the administrator of *Power Corporation Financial* since 2014 ... He was named a board member of the *Musée d'art contemporain de Montréal* in March 2015 by the Council of Ministers in Quebec.” Anon., “Brian Mulroney vend sa maison au fils de Paul Desmarais Jr.,” *TVA Nouvelles*, 10 octobre 2015.

1990's during the administration of Robert Bourassa, but in 1989, in the largest financial transaction in Canadian history, Desmarais sold *Consolidated-Bathurst*, the crown jewel of the Quebec pulp and paper industry, which had benefitted from very generous subsidies from tax-payers over the years, for \$2.6 billion to American investors.¹⁰ The sale of *Montréal Trust* later followed for some \$550 million: *Thus, Paul Desmarais ripped-off (arrachés) \$3 billion in natural resources from the hard-working people of Quebec.*¹¹

¹⁰ "On parle moins de la vraie fuite de capitaux du début des années 1990 dont il a été l'architecte, mais cette fois en douceur et sous le nez de son fidèle ami Robert Bourassa ... Début 1989, dans la plus importante transaction financière de l'histoire du Canada, Desmarais vend à des Américains pour plus de 2,6 milliards de dollars la *Consolidated-Bathurst*, joyau de l'industrie papetière québécoise qui avait profité depuis des dizaines d'années des largesses du gouvernement du Québec." Philpot, *Ibidem*, 2013.

¹¹ "Un pactole de 3 milliards arrachés aux ressources naturelles et à la sueur des travailleurs et travailleuses du Québec." *Ibidem*.

CONCLUSION

According to journalist and author Robin Philpot in *Le Devoir*, Paul Desmarais was probably the most corrupt businessman in Canadian history, and therefore he was also a very evil person.¹²

Defenders of Desmarais such as Marc Jussaume assert that since he paid his taxes in Quebec, he was not therefore a very corrupt businessman: “Paul Desmarais decided to live in Montréal, and the Charlevoix, and for that reason *Power Corporation* has remained a Quebec taxpayer. What is the bad-faith of Philpot’s attack? He accuses Paul Desmarais of being *the* most corrupt Quebec businessman.”¹³ But apart from his *existentialist*

¹² It follows that since Paul Desmarais was *the* most corrupt, or one of *the* most corrupt businessmen in Canadian history, that therefore he was also a very evil person.

¹³ “Paul Desmarais a choisi de demeurer à Montréal, et dans Charlevoix, et a fait en sorte que *Power* demeure une contribuable québécoise. Le comble de la mauvaise foi, dans ce texte? Essentiellement, M. Philpot lui reproche d’être, et de loin, le plus grand mécène québécois.” Marc Jussaume, “La Réplique: Paul

critique of Philpot's *bad-faith* (a phrase made famous by Jean-Paul Sartre and his counter-culture followers in the 60's), Jussaume advances no further information on the *exact amount of taxes* the Kingdom of Paul Desmarais and *Power Corporation* has *actually paid* in Quebec over the years: Paul Desmarais, according to Robin Philpot, was probably *the* most corrupt businessman in Canadian history, but he also undoubtedly paid *some* taxes. Jussaume also accuses Robin Philpot of *tendentiousness* and *hyperbole*: "The problem is that the nationalization of hydro-electricity started in 1962-1963, and was completed in 1964-1965. The investors who sold their companies to Desmarais essentially sold him bank accounts, and he did not receive any liquidity. Paul Desmarais was therefore not part of the nationalizations."¹⁴ Of course, this certainly depends very

Desmarais—L'argumentaire boiteux de Robin Philpot," *Le Devoir*, 17 Octobre 2013.

¹⁴ "Le problème est que la nationalisation de l'hydroélectricité fut amorcée en 1962-1963, et complétée en 1964-1965. Les actionnaires vendeurs de ces compagnies lui ont vendu essentiellement des comptes de banque, ils ne lui ont évidemment pas simplement donné

much on what exactly Jussaume means by the “*nationalization*” of hydro-electricity, and also on his divisions and sub-divisions of the historical chronology of Quebec’s political and economic history, matters of *exact historiography* upon which he and many others are silent. According to Jussaume, “after the initial purchase of *Power Corporation* in 1968, which held 18% of *Consolidated-Bathurst*, the latter company lost a lot of money, but instead of selling *Consolidated-Bathurst*, Paul Desmarais increased his shares to 42%, and then he took over. Only afterwards did *Consolidated-Bathurst* become very profitable.”¹⁵ Says Robin Philpot in rebuttal: The enormous wealth Paul Desmarais accumulated could only be obtained through his patronage of government and his influence in Quebec politics: Every Premier of

ces liquidités. Paul Desmarais n’était pas donc pas partie dans les nationalisations.” Jussaume, *Ibidem*.

¹⁵ “Après l’achat initial de Power en 1968, laquelle détenait 18% des actions de Consolidated-Bathurst, cette dernière se mit à subir des pertes opérationnelles dévastatrices; et Paul Desmarais, au lieu de tenter de vendre Consolidated-Bathurst, acheta plutôt d’autres actions, passant à 42%, et évidemment y installa son équipe. Puis il fit croître Consolidated-Bathurst. Sous sa gouverne, il y eut finalement des années de rentabilité.” *Ibidem*.

Quebec and Prime Minister of Canada, at least since the time of Maurice Duplessis (except Lévesque and Parizeau), used to “eat from his hand.”¹⁶

Robin Philpot’s charge against Paul Desmarais is straightforward: *The vast fortune Desmarais accumulated over the years could only be obtained through his patronage of government and his influence in politics: “All the Premiers of Quebec and Prime Ministers of Canada, since the time of Maurice Duplessis ... used to eat from his hand.”¹⁷ In other words, Paul Desmarais was a big crook.*¹⁸ The political and economic

¹⁶ “Paul Desmarais a appris à cultiver des liens étroits avec les politiciens, de sorte que tous les premiers ministres du Québec et du Canada depuis Maurice Duplessis ... lui mangeaient dans la main.” Philpot, *Ibidem*.

¹⁷ “Tous les premiers ministres du Québec et du Canada depuis Maurice Duplessis ... lui mangeaient dans la main.” Philpot, *Ibidem*. See also: “No businessman in Canadian history has ever had more intimate and more extended influence with Canadian prime ministers than Desmarais.” Peter Charles Newman, “Epitaph for the two-party state,” *Maclean’s*, 1 November 1993, 14.

¹⁸ “Paul Desmarais senior and his two sons Paul and André have often been accused of ‘controlling’ Quebec, and of having unwarranted

inclinations of Robin Philpot are not here in question.¹⁹ *The historical issue at hand is whether or not Paul Desmarais was an extremely corrupt businessman, and therefore an evil person.* Robin Philpot advances a number of instances in support of his historical argument: Unless these examples of Desmarais' legacy are demonstrably false, the argument of Philpot *stands*, and the *conclusion* is therefore *irresistible*.

The *political and economic consequences* of Philpot's argument are of great interest with regards to the historical development of the *rational conception of*

power in politics and over governments.” Jonathan Trudel, “Desmarais et les ficelles du pouvoir,” *L'Actualité*, 9 octobre 2013. Robin Philpot does not accuse Paul Desmarais of merely “controlling” Quebec or having “unwarranted power in politics and over governments.” *Paul Desmarais, according to Robin Philpot, was probably the most corrupt businessman in Canadian history:* “Desmarais ripped-off \$3 billion in natural resources from the hard-working people of Quebec.”

¹⁹ See the sophisticated refutation by Richard Vigneault based upon Philpot's anti-federalist political affiliations: Richard Vigneault, “Réplique à Robin Philpot: La France n'est pas le Québec,” *Le Devoir*, 5 février 2009.

Canada and its *actualisation* in the world of today: By far, the *Kingdom of Paul Desmarais and Power Corporation* was the main backer of the *Quebec Regime in Ottawa, 1968-2006*, when Canada was ruled by Quebecers for nearly a half century, except for one year under Kim Campbell, Joe Clark and John Turner.

CHRISTOPHER RICHARD WADE DETTLING, 2016

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